

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2022

Page 1, line 2, remove the second "and"

Page 1, line 2, after "transfers" insert "; to create and enact section 54-52.1-05.1 of the North Dakota Century Code, relating to the terms of public employees retirement system contracts for uniform group health insurance benefits coverage; to amend and reenact subsection 17 of section 54-52-01 and sections 54-52-03 and 54-52.1-05 of the North Dakota Century Code, relating to the public employees retirement system board and disclosure of information by uniform group health insurance benefits coverage carriers; and to limit the use of health insurance program reserves"

Page 1, replace line 13 with:

"Salaries and wages	\$3,772,504	\$568,047	\$4,340,551"
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Page 1, replace line 17 with:

"Total special funds	\$4,899,369	\$514,056	\$5,413,425"
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Page 1, replace line 23 with:

"Salaries and wages	\$5,016,339	\$1,339,021	\$6,415,360"
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Page 2, replace line 1 with:

"Operating expenses	2,280,894	397,169	2,678,063"
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Page 2, replace lines 3 and 4 with:

"Total special funds	\$7,650,450	\$1,692,973	\$9,343,423
Full-time equivalent positions	33.00	1.50	34.50"

Page 2, replace lines 9 and 10 with:

"Grand total special funds	\$12,549,819	\$2,207,029	\$14,756,848
Full-time equivalent positions	52.00	1.50	53.50"

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-third legislative assembly for the 2013-15 biennium and the 2015-17 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2013-15</u>	<u>2015-17</u>
Public employees retirement system - temporary salaries	\$0	\$100,000
Total special funds	\$0	\$100,000

The 2015-17 one-time funding amounts are not part of the entity's base budget for the 2017-19 biennium. The public employees retirement system shall report to the appropriations committees of the sixty-fifth legislative assembly on the use of the one-time funding for the biennium beginning July 1, 2015, and ending June 30, 2017."

Page 2, after line 15, insert:

**"SECTION 4. AMENDMENT.** Subsection 17 of section 54-52-01 of the North Dakota Century Code is amended and reenacted as follows:

17. "Retirement board" or "board" means the ~~seven persons designated by this chapter as the governing authority for the retirement system created under section 54-52-03.~~

**SECTION 5. AMENDMENT.** Section 54-52-03 of the North Dakota Century Code is amended and reenacted as follows:

**54-52-03. Governing authority.**

A state agency is hereby created to constitute the governing authority of the system to consist of a board of ~~seven persons~~nine individuals known as the retirement board. No more than one elected member of the board may be in the employ of a single department, institution, or agency of the state or in the employ of a political subdivision. ~~Ne~~An employee of the public employees retirement system or the state retirement and investment office may not serve on the board.

1. Two members of the legislative assembly must be appointed by the chairman of the legislative management to serve on the board.
  - a. If the same political party has the greatest number of members in both the house and senate, one member must be from that majority party and one member from the political party with the next greatest number of members in the house and senate.
  - b. If the same political party does not have the greatest number of members in both the house and senate, one member must be from the majority party in the house and one member must be from the majority party in the senate.
2. One member of the board must be appointed by the governor to serve a term of five years. The appointee must be a North Dakota citizen who is not a state or political subdivision employee and who by experience is familiar with money management. The citizen member is chairman of the board.
- ~~2-3.~~ One member of the board must be appointed by the attorney general from the attorney general's legal staff and shall serve a term of five years.
- ~~3-4.~~ The state health officer appointed under section 23-01-05 or the state health officer's designee is a member of the board.
- ~~4-5.~~ Three board members must be elected by and from among the active participating members, members of the retirement plan established under chapter 54-52.6, members of the retirement plan established under chapter 39-03.1, and members of the job service North Dakota retirement plan. Employees who have terminated their employment for whatever reason are not eligible to serve as elected members of the board under this subsection. Board members must be elected to a five-year term pursuant to an election called by the board. Notice of board elections must be given to all active participating members. The time spent in performing

duties as a board member may not be charged against any employee's accumulated annual or any other type of leave.

- 5-6. One board member must be elected by and from among those persons who are receiving retirement benefits under this chapter. The board shall call the election and must give prior notice of the election to the persons eligible to participate in the election pursuant to this subsection. The board member shall serve a term of five years.
- 6-7. The members of the board are entitled to receive one hundred forty-eight dollars per day compensation and necessary mileage and travel expenses as provided in sections 44-08-04 and 54-06-09. This is in addition to any other pay or allowance due the chairman or a member, plus an allowance for expenses they may incur through service on the board.
- 7-8. A board member shall serve a five-year term and until the board member's successor qualifies. Each board member is entitled to one vote, and ~~four~~five of the ~~seven~~nine board members constitute a quorum. ~~Four~~Five votes are necessary for resolution or action by the board at any meeting.

**SECTION 6. AMENDMENT.** Section 54-52.1-05 of the North Dakota Century Code is amended and reenacted as follows:

**54-52.1-05. Provisions of contract - Term of contract.**

1. Each uniform group insurance contract entered ~~into~~ by the board must be consistent with the provisions of this chapter, must be signed for the state of North Dakota by the chairman of the board, and must include the following:
  - 1- a. As many optional coverages as deemed feasible and advantageous by the board.
  - 2- b. A detailed statement of benefits offered, including maximum limitations and exclusions, and such other provisions as the board may deem necessary or desirable.
2. The initial term or the renewal term of a fully insured uniform group insurance contract for hospital benefits coverage, medical benefits coverage, or prescription drug coverage may not exceed two years.
  - a. The board may renew a contract subject to this subsection without soliciting a bid under section 54-52.1-04 if the board determines the carrier's performance under the existing contract meets the board's expectations and the proposed premium renewal amount does not exceed the board's expectations.
  - b. In making a determination under this subsection, the board shall:
    - (1) Use the services of a consultant to concurrently and independently prepare a renewal estimate the board shall consider in determining the reasonableness of the proposed premium renewal amount.
    - (2) Review the carrier's performance measures, including payment accuracy, claim processing time, member service center

metrics, wellness or other special program participation levels, and any other measures the board determines relevant to making the determination and shall consider these measures in determining the board's satisfaction with the carrier's performance.

(3) Consider any additional information the board determines relevant to making the determination.

c. If the board determines the carrier's performance under the existing contract does not meet the board's expectations or the proposed premium renewal amount exceeds the board's expectations and the board determines to solicit a bid under section 54-52.1-04, the board shall specify its reasons for the determination to solicit a bid.

**SECTION 7.** Section 54-52.1-05.1 of the North Dakota Century Code is created and enacted as follows:

**54-52.1-05.1. Health insurance benefits coverage - Insured and provider data disclosure.**

Except as necessary for treatment, payment, or health care operations, a carrier providing health insurance benefits coverage under this chapter may not disclose identifiable or unidentifiable insured or provider data or information to a related or unrelated health care delivery entity. The board may establish exceptions to the disclosure limitations under this section for the limited purpose of addressing public interest and benefit activities or for the limited purpose of addressing research, public health, or health care operations. An exception established by the board under this section may not be more permissive than allowed under state and federal privacy laws.

**SECTION 8. HEALTH INSURANCE RESERVE FUNDS - LIMITATIONS.**

Notwithstanding any other provision of law, during the 2015-17 biennium, the public employees retirement system board may not spend any moneys in the fund created under section 54-52.1-06 or from any other source for the purpose of reducing any increase in uniform group insurance premium amounts beyond the rates used by the sixty-fourth legislative assembly for developing 2015-17 state agency budgets."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2022 - Summary of Conference Committee Action**

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Retirement and Investment Office						
Total all funds	\$4,899,369	\$5,427,729	(\$14,304)	\$5,413,425	\$5,413,425	\$0
Less estimated income	4,899,369	5,427,729	(14,304)	5,413,425	5,413,425	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Public Employees Retirement System						
Total all funds	\$7,650,450	\$9,407,473	(\$64,050)	\$9,343,423	\$8,896,346	\$447,077
Less estimated income	7,650,450	9,407,473	(64,050)	9,343,423	8,896,346	447,077
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Bill total						
Total all funds	\$12,549,819	\$14,835,202	(\$78,354)	\$14,756,848	\$14,309,771	\$447,077
Less estimated income	12,549,819	14,835,202	(78,354)	14,756,848	14,309,771	447,077



	Health Insurance Premium Increases <sup>1</sup>	Salaries <sup>2</sup>	Health Credit <sup>3</sup>	Temporary Salaries <sup>4</sup>	Committee Changes
Salaries and wages	(\$27,102)	(\$180,000)	\$43,052	\$100,000	(\$64,050)
Operating expenses					
Contingencies					
Accrued leave payments					
Total all funds	(\$27,102)	(\$180,000)	\$43,052	\$100,000	(\$64,050)
Less estimated income	(27,102)	(180,000)	43,052	100,000	(64,050)
General fund	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month including FTE adjustments made by the Conference Committee.

<sup>2</sup> Funding is reduced for additional temporary support to provide an increase of \$122,352. The Senate increased temporary salaries by \$302,352 and the House included a temporary salaries increase of \$102,352.

<sup>3</sup> Funding is added for additional workload due to the portability of retiree health credit. This funding was not included in the House version, but was included in the temporary salary increase provided by the Senate.

<sup>4</sup> One-time funding is added for temporary salaries. Neither the Senate nor the House versions included funding for one-time temporary salaries.

This amendment also:

- Adds sections to amend North Dakota Century Code Sections 54-52-01 and 54-52-03 to increase retirement board membership from seven to nine members by adding two members of the Legislative Assembly appointed by the Chairman of the Legislative Management. The House version added four members of the Legislative Assembly to the board and removed members appointed by the Attorney General and the State Health Officer.
- Adds a new section to statute relating to the process to rebid the health insurance contract.
- Adds a new section to statute relating to the disclosure of health information.
- Adds a section limiting the use of health insurance program reserves. The House version included a similar section relating the use of health insurance program reserves.